



ANNUAL USE OF CAPITAL SURVEY - 2009

NAME OF INSTITUTION

(Include Holding Company Where Applicable)

United Community Banks, Inc.

Person to be contacted regarding this report:	Alan Kumler
CPP Funds Received:	\$180,000,000
CPP Funds Repaid to Date:	\$0
Date Funded (first funding):	12/5/2008
Date Repaid ¹ :	

RSSD: (For Bank Holding Companies)	1249347
Holding Company Docket Number: (For Thrift Holding Companies)	
FDIC Certificate Number: (For Depository Institutions)	
City:	Blairsville, Georgia
State:	Georgia

¹If repayment was incremental, please enter the most recent repayment date.

American taxpayers are quite interested in knowing how banks have used the money that Treasury has invested under the Capital Purchase Program (CPP). To answer that question, Treasury is seeking responses that describe generally how the CPP investment has affected the operation of your business. We understand that once received, the cash associated with TARP funding is indistinguishable from other cash sources, unless the funds were segregated, and therefore it may not be feasible to identify precisely how the CPP investment was deployed or how many CPP dollars were allocated to each use. Nevertheless, we ask you to provide as much information as you can about how you have used the capital Treasury has provided, and how your uses of that capital have changed over time. Treasury will be pairing this survey with a summary of certain balance sheet and other financial data from your institution's regulatory filings, so to the extent you find it helpful to do so, please feel free to refer to your institution's quarterly call reports to illustrate your answers. This is your opportunity to speak to the taxpayers in your own words, which will be posted on our website.

What specific ways did your institution utilize CPP capital? Check all that apply and elaborate as appropriate, especially if the uses have shifted over time. Your responses should reflect actions taken over the past year (or for the portion of the year in which CPP funds were outstanding).

<input checked="" type="checkbox"/>	Increase lending or reduce lending less than otherwise would have occurred.	We have continued to lend throughout the economic cycle. In 2009, we re-organized our Atlanta region to focus on lines of business with an emphasis on small business lending. As a result, we originated \$273 million in new loans, particularly within the Atlanta MSA, mostly to small businesses.
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<input checked="" type="checkbox"/>	To the extent the funds supported increased lending, please describe the major type of loans, if possible (residential mortgage loans, commercial mortgage loans, small business loans, etc.).	Most of our new lending was small business loans and commercial mortgages. Overall, our loan portfolio has been contracting due to our resolution of problem residential construction and acquisition & development loans where we have been working to reduce our exposure.
<input type="checkbox"/>	Increase securities purchased (ABS, MBS, etc.).	
<input type="checkbox"/>	Make other investments	
<input checked="" type="checkbox"/>	Increase reserves for non-performing assets	We have always maintained our allowance for loan losses at the appropriate level for the losses inherent in our loan portfolio, however, the CPP capital allowed us to increase our allowance while still maintaining strong regulatory capital ratios.

<input checked="" type="checkbox"/>	Reduce borrowings	The cash proceeds from the CPP capital allowed us to reduce our wholesale borrowings.
<input type="checkbox"/>	Increase charge-offs	
<input checked="" type="checkbox"/>	Purchase another financial institution or purchase assets from another financial institution	The CPP significantly strengthened our capital position and balance sheet, which allowed our company to be in a position to acquire a failed financial institution from the FDIC in June 2009.
<input type="checkbox"/>	Held as non-leveraged increase to total capital	

What actions were you able to avoid because of the capital infusion of CPP funds?

As noted earlier, the CPP capital fortified our balance sheet and strengthened our capital position and regulatory capital ratios. It also allowed us to aggressively work through our credit issues and dispose of non performing assets. If we had not received the CPP capital, we would likely have had to reduce our balance sheet to improve our regulatory capital ratios. Further shrinking of the balance sheet would have been accomplished by selling assets and discontinuing any new lending, which likely would have led to further staff reductions.

What actions were you able to take that you may not have taken without the capital infusion of CPP funds?

The CPP capital strengthened our regulatory capital ratios at a time when there was tremendous uncertainty in the banking industry. At that time, access to capital through normal market sources was unavailable. The CPP capital fortified our balance sheet and allowed us to work through the challenging economic conditions until access to capital became available. Since receiving CPP capital in December 2009, we have raised an additional \$222.5 million in common equity which we believe provides us with ample capital to manage through the remaining challenges. The CPP capital better positioned our company to raise capital in the market place when capital became available.

Additionally, our position throughout the recession has been to aggressively work to move problem assets out of the bank, taking losses where necessary, particularly in light of falling asset values. Taking an aggressive approach accelerates losses and uses capital. The CPP capital allowed us to move aggressively and decisively in problem asset disposition while maintaining healthy regulatory capital ratios.

Please describe any other actions that you were able to undertake with the capital infusion of CPP funds.

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According to the Paperwork Reduction Act of 1995, no persons are required to respond to a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 1505-0222. The time required to complete this information collection is estimated to average 80 hours per response.